

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 PER-05 FS-01

ABF-01 DRC-01 /121 W

----- 123570

R 300835Z NOV 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8483

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION USEC BRUSSELS

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

EO 11652: NA

TAGS: EFIN JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS - NOV 26-30

1. DOLLAR IN SPOT MARKET HELD STEADY THROUGHOUT WEEK, EXCEPT
FOR TEMPORARY STRENGTHENING OF YEN ON THURS, NOV 29.
REPRESENTATIVE RATE FOR ALL OF LAST WEEK AS WELL AS MON THRU WED
OF THIS WEEK WAS Y280 PER DOLLAR, RISING TO Y279 PER DOLLAR

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ON THURS, THEN RETURNING TO Y280 LEVEL ON FRI. RANGE

DURING THURSDAY'S TRADING, ON RELATIVELY LIGHT VOLUME, WAS BETWEEN Y277.50 AND Y280.00. VOLUME IN THE SPOT MARKET WAS MODERATELY HEAVY, WITH DAILY HIGH REACHED ON MON OF \$165.5 MIL. TOTAL WEEKLY VOLUME WAS APPROX \$498 MIL. THIS COMPARES WITH TOTAL VOLUME DURING PREVIOUS FOUR-DAY WEEK OF \$587 MIL. BOJ OFFICIAL DESCRIBED SPOT MARKET AS INFLUENCED BY NO PARTICULAR FACTORS THIS WEEK WITH EXCEPTION OF THURS. HE INDICATED THAT ON WED AND THURS FOREX BANKS HELD TEMPORARY SURPLUS OF DOLLARS AND THEREFORE FOUND NO NEED TO ENTER MARKET TO BUY DOLLARS FOR PURCHASE OF MONTH-END EXPORT BILL SALES. HE ALSO ATTRIBUTED BRIEF STRENGTHENING OF YEN TO WEAKENING OF DOLLAR IN EUROPEAN MARKETS ON WED, NOV 28, AND TO NEWS THAT JAPAN WOULD NOT SUFFER ADDITIONAL 5 PERCENT ARABIAN OIL CUT DURING DEC. SAME OFFICIAL STATED GOJ SOLD TOTAL OF APPROX \$200 MIL DURING THIS WEEK.

2. FORWARD DOLLAR RATES STRENGTHENED SOMEWHAT THRU TUES, BUT THEN WEAKENED TOWARDS END OF WEEK. THREE-MONTH FORWARD (FEB DELIEVERY) CLOSED ON NOV 30 AT Y292.00, DOWN Y2.50 FROM MONDAY'S CLOSE. SIX-MONTH FORWARD (MAY DELIEVERY) CLOSED WEEK AT Y296.50 DOWN Y0.50 FROM MON. END OF WEEK CLOSE FOR THREE MONTH FORWARD REPRESENTED PREMIUM OF 17.14 PERCENT WHILE THAT FOR SIX-MONTH FORWARD REPRESENTED PREMIUM OF 11.79 PERCENT. TOTAL VOLUME IN THE FORWARD MARKET WAS \$535.5 MIL, WHILE VOLUME IN SWAP MARKET REGISTERED \$348 MIL. SHOESMITH

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